

ORIGINAL

Decision No. 56079

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
into the rates, rules, regulations,)
charges, allowances and practices)
of all common carriers, highway)
carriers and city carriers relating to)
the transportation of sand, rock, gravel)
and related items (commodities for which)
rates are provided in Minimum Rate)
Tariff No. 7).)

Case No. 5437
Petition No. 39

E. O. Blackman, for California Dump Truck Owners Association, Inc., petitioner.

Clarence A. Friesen, in propria persona, respondent.

James Quintrall, J. C. Kaspar and Arlo D. Poe, for California Trucking Associations, Inc., interested party.

Paul S. Henson, for Industrial Asphalt of Orange County, interested party.

R. A. Lubich and Ralph J. Staunton, for the staff of the Public Utilities Commission of the State of California.

O P I N I O N

This petition relates to the minimum rates which apply for the transportation of asphaltic concrete in dump truck equipment between points within and between Los Angeles and Orange Counties. Minimum Rate Tariff No. 7 names zone rates for transportation between designated production areas where facilities for the production of asphaltic concrete are located and various delivery zones where the material is used. The tariff also names rates on a distance basis and on an hourly basis. The distance rates apply to transportation

for which zone rates have not been prescribed, and the hourly rates apply in lieu of the zone rates or the distance rates when transportation under the hourly rates is requested by a shipper.

Industrial Asphalt Co., a producer of asphaltic concrete at various locations in Los Angeles and Orange Counties, has recently constructed a facility for the production of asphaltic concrete near the City of Anaheim in Orange County. In connection with the transportation to be performed from this new facility, the California Dump Truck Owners Association, Inc., petitioner herein, seeks the extension of the zone system of rates to include such transportation. Petitioner alleges that neither the distance rates nor the hourly rates provide a suitable basis of charges for the service; and that zone rates should be provided for this reason and also to place the new facility on a footing of equality with competing asphaltic-concrete plants from which zone rates now apply. Petitioner further alleges that zone rates should be provided in order to encourage the employment of for-hire carriers for transportation from the new plant.

On November 13, 1957, subsequent to notice to persons and organizations believed to be interested, public hearing on the petition was held before Examiner C. S. Abernathy at Los Angeles. Testimony was submitted in support of the petition by the manager of the new plant of Industrial Asphalt, by a carrier engaged in the transportation of asphaltic-concrete materials, and by petitioner's general manager. A transportation rate expert of the Commission's staff submitted certain recommendations concerning the boundaries of the proposed production area. A representative of the California Trucking Associations, Inc., presented a statement of position on

behalf of those associations and participated in the development of the record otherwise.

According to the testimony of the plant manager for Industrial Asphalt, the new plant was constructed to serve contractors and other users of asphaltic-concrete products in Orange County and in the southeastern portion of Los Angeles County. The new plant will compete for business with various other asphaltic-concrete plants in the same general area. The plant has productive capacity of more than 200,000 tons a year. Anticipated volume for the time being is about half of this amount. For-hire carriers will be principally used for the transportation involved, providing zone rates as herein proposed are established for the service. The hourly rates are not satisfactory for the reason that they do not permit reasonably accurate determinations of transportation costs in bidding for new business because of numerous variables such as differences in capacities and efficiencies of carriers' equipment, differences in driving habits of the drivers, and differences in traffic conditions. The distance rates are not satisfactory because it is not practicable to make precise mileage determinations in connection with each price quotation or each job. Moreover, they result in higher charges than those which apply to like transportation from competing plants. The plant manager said that unless the sought zone rates are established his company will give serious consideration to performing the transportation with its own vehicles.

The carrier witness who testified stated that he is the chairman of the Orange County chapter of the California Dump Truck Owners Association, Inc.; that at a recent chapter meeting the

members had considered and discussed the proposed extension of the zone system of rates to include the new plant of Industrial Asphalt, and that they had voted in favor of the extension. With reference to the physical operating conditions at the new plant, he said that the location of the plant is similar to that of other asphaltic-concrete plants in the area.

Petitioner's general manager testified that the directors of the California Dump Truck Owners Association, Inc., likewise had voted in favor of extension of the zone rates. He also testified concerning data which he presented to show the times in minutes required for deliveries from the proposed production area to the various delivery zones.

The rate expert of the Commission's staff testified that he had traversed the proposed production area and had noted what appeared to be errors in definition of the area's boundaries. He submitted certain recommendations, in which petitioner concurred, for correction or clarification of the boundaries.

Granting of the petition was opposed in a statement of position by the representative of the California Trucking Associations, Inc. He pointed out that the record does not disclose the costs of service from the proposed production area and he declared that without such information no determination may be made concerning the reasonableness of the rates that would be prescribed.

The zone rates which are involved herein have been found heretofore to be just, reasonable and nondiscriminatory minimum rates

1/ In the development of zone rates, the delivery times are used as a basis for apportioning the costs of service to the hauls involved.

for the transportation of asphaltic concrete between production areas and delivery zones within Los Angeles and Orange Counties. They were established upon, and to give recognition to, specific circumstances applicable to such transportation. The principal question that is here presented is whether the conditions which apply to the transportation of asphaltic concrete from the new plant of Industrial Asphalt are sufficiently similar to those upon which the zone rates are based that the rates may reasonably be extended to said transportation. Clearly, if the circumstances are substantially alike, the transportation from Industrial Asphalt's new plant should be subject to the same basis of rates that has been prescribed for transportation from competing asphaltic-concrete plants in order to avoid unreasonably discriminatory or preferential differences between the rates from the new plant and the rates which now apply from other plants in the same general area.

The record herein is persuasive that the conditions which apply to the transportation of asphaltic concrete from the proposed production area are substantially the same as those which apply to like transportation from asphaltic concrete production areas from which zone rates apply. It appears that some of the same for-hire carriers that serve other asphaltic-concrete producers in the Orange County area will also serve the new plant of Industrial Asphalt; that in this service they will operate over the same system of highways as that which they operate in serving other producers; and that physical operating conditions from a transportation standpoint at the new plant of Industrial Asphalt are similar to those at other asphaltic-concrete plants in the Orange County area. Upon consideration of all of the facts and circumstances of record, the Commission

is of the opinion and finds that extension of the present zone rates to the new production area will result in just, reasonable and non-discriminatory minimum rates from the new area. The petition will be granted subject to the minor corrections in the zone boundaries to which reference has been made above.

O R D E R

Based on the evidence of record and on the findings and conclusions in the preceding opinion,

IT IS HEREBY ORDERED that Minimum Rate Tariff No. 7 (Appendix "A" of Decision No. 32566, as amended) be and it is hereby further amended by incorporating therein, to become effective February 16, 1958, Original Page 33-A1 and Original Page 38-Q1 which pages are attached hereto and by this reference made a part hereof.

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In all other respects said Decision No. 32566 shall remain in full force and effect.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 14th day of January, 1958.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Area No.	SECTION NO. 3 - RATES FROM PRODUCTION AREAS TO DELIVERY ZONES (Continued)
#K	<p style="text-align: center;">APPLICATION OF TARIFF-TERRITORIAL (Continued) ORANGE COUNTY-PRODUCTION AREAS</p> <p>Beginning at the prolongation of Jefferson Street and the Santa Ana River; thence northerly along said prolongation and Jefferson Street to State Highway No. 14; thence westerly along State Highway No. 14 to its intersection with the southerly prolongation of Red Gum Street; thence southerly along said prolongation of Red Gum Street to the Santa Ana River; thence easterly along the Santa Ana River to point of beginning.</p>
<p># Addition, Decision No. 56079</p>	
<p>EFFECTIVE FEBRUARY 16, 1958</p>	
<p>Issued by the Public Utilities Commission of the State of California, San Francisco, California.</p> <p>Correction No. 577</p>	

SECTION NO. 3 - RATES FROM PRODUCTION AREAS TO DELIVERY ZONES
IN CENTS PER TON (Continued)

MATERIAL, viz.:
Asphaltic Concrete (commonly called "Hot Stuff"),
Cold Road Oil Mixture (commonly called "Plant Mix").

#291-1

TO (1)Orange County Delivery Zones	FROM	TO (1)Orange County Delivery Zones	FROM
	(1)Orange County Production Area #0K		(1)Orange County Production Area #0K
1	59	11A	84
2A	72	11B	87
2B	82	11C	96
2C	60	11D	111
2D	45	12A	98
3A	62	12B	106
3B	69	13A	111
4A	91	13B	104
4B	82	14A	95
4C	85	14B	108
4D	95	15A	106
5A	55	15B	124
5B	71	16	95
5C	78	17	109
5D	93	18A	120
6A	53	18B	116
6B	45	18C	131
6C	57	19A	123
6D	47	19B	129
7A	76	19C	141
7B	80	19D	162
7C	61	20A	152
7D	68	20B	141
7E	89	20C	131
9A	74	20D	124
9B	63	21	163
10A	70	22	160
10B	78	23A	170
10C	89	23B	181
10D	99		

#291-2

MATERIAL as described in Item No. 291-1

(1) FROM Orange County Production Area indicated
(2) TO Los Angeles County Delivery Zones shown below

Zone	#0K	Zone	#0K	Zone	#0K	Zone	#0K
37C	162	42G	151	45A		67A	111
37D		42H	162	45B		67B	103
40A		43A	125	45C		67C	92
40B		43B	115	45D		67D	88
40C		43C	97	45E		67E	83
40D		43D	101	45G		67F	79
41A		43E	115	45H		67G	90
41B	167	43F	130	46E		67H	96
41C		43G	135	65A	123	67I	107
41D	168	43H	120	65B	119	68D	132
41E		43I	108	65C	107	69A	159
41F		43J	121	66A	127	69B	146
42A	154	43K	127	66B	117	69C	136
42B	139	43L	140	66C	104	69D	119
42C	145	44A		66D	100	69E	128
42D	153	44B		66E	91	69F	143
42E	155	44C	162	66F	114	69G	153
42F	146	44D		66G	123		

- (1) For descriptions of Orange County Production Areas and Delivery Zones see Pages 28 to 33-A1, inclusive.
- (2) For descriptions of Los Angeles County Delivery Zones see Pages 11 to 21-D, inclusive.

* Change)
Addition) Decision No. 56079
o Reduction)

EFFECTIVE FEBRUARY 16, 1958

Issued by the Public Utilities Commission of the State of California,
San Francisco, California.
Correction No. 578